✅ **Latest release**

Household Expenditure Survey, Australia: Summary of Results

This publication features key information about household spending, income and wealth based on various characteristics

Reference period 2015-16 financial year

Released 13/09/2017

Feedback

Key statistics

- Average weekly household spending on goods and services was $1,425.

- Household spending on goods and services increased by 15% since 2009-10.

- Average weekly spending on goods and services was highest in the Northern Territory and Australian Capital Territory and lowest in Tasmania and South Australia.

Key findings

Table 1 - Average weekly household spending(a)(b), Australia, 2009-10 and 2015-16

| Expenditure Category	2009-10	2015-16	Change 2009-10 to 2015-16	
	$	$	$	%
Goods and Services				
Current housing costs (selected dwelling)	223	279	56	25.1
Domestic fuel and power	33	41	8	25.8
Food and non-alcoholic beverages	204	237	33	16.1
Alcoholic beverages	32	32	(c)-0.40	(c)-1.2
Tobacco products	13	13	(c)0.27	(c)2.2
Clothing and footwear	44	44	(c)-0.63	(c)-1.4
Household furnishings and equipment	57	58	(c)0.87	(c)1.5
Household services and operation	35	45	10	29.6
Medical care and health expenses	66	82	17	25.6
Transport	193	207	14	7.2
Communication	42	47	4	9.9
Recreation	154	172	18	11.6
Education	31	44	13	43.5
Personal Care	24	29	5	19.0
Miscellaneous goods and services	86	97	(c)11	(c)12.9
Total goods and services expenditure	1,236	1,425	189	15.3
Selected other payments				
Income tax	260	383	123	47.3
Mortgage repayments principal (selected dwelling)	49	71	21	43.5
Other capital housing costs	100	124	(c)24	(c)24.3
Superannuation and life insurance	74	77	(c)3	(c)4.6

a. Expenditure has not been adjusted for inflation over time

b. Additional broad expenditure classification for Communications and Education were developed for the 2015-16 cycle. Estimates for 2009-10 have been concorded to reflect these new categories

c. The difference between 2009-10 and 2015-16 is not statistically significant

Graph 1 - Average weekly household spending on goods and services(a) Australia, 1984 to 2015-16
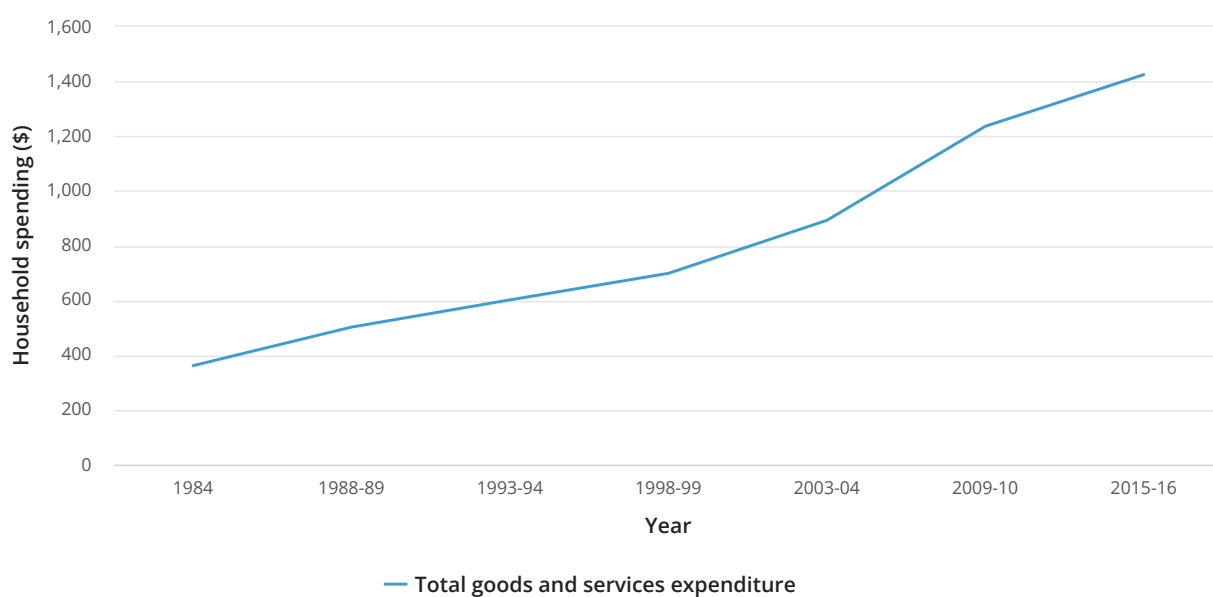
a. Expenditure has not been adjusted for inflation over time

Graph 2 - Average weekly household spending on goods and services(a), states and territories, 2009-10 and 2015-16
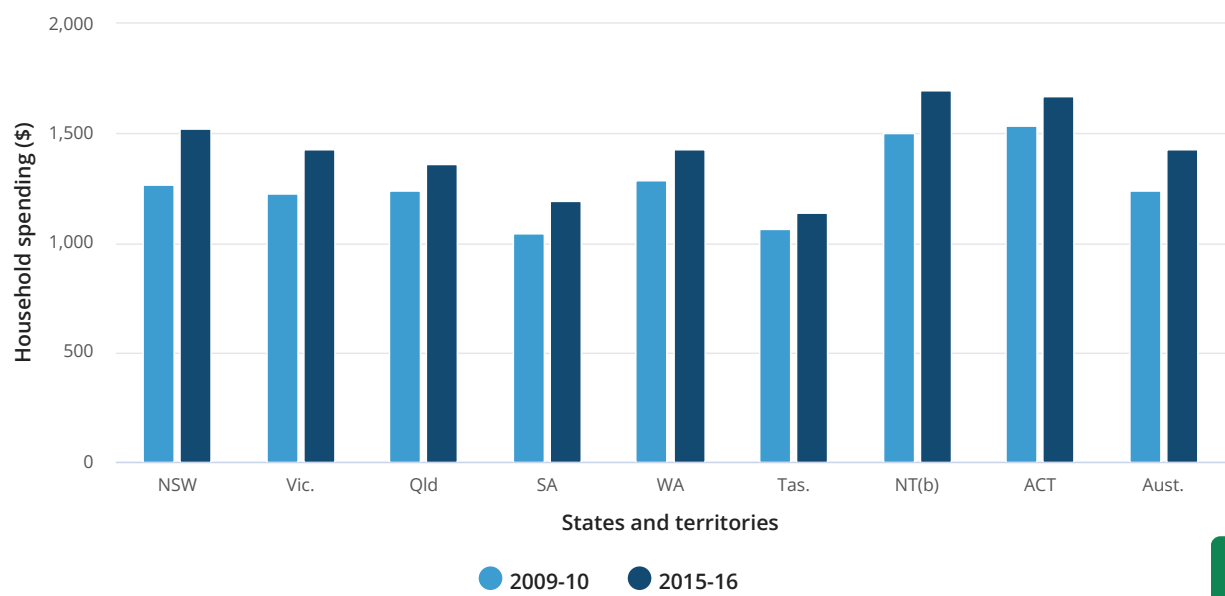
a. Expenditure has not been adjusted for inflation over time

b. Households in areas defined as very remote were excluded, accounting for about 22% of the population in the NT

- Australian household spending on goods and services increased by 15% between 2009-10 and 2015-16, going from an average of $1,236 per week to $1,425.
- The goods and services that Australian households were spending the most on in 2015-16 were current housing costs ($279 per week), food and non-alcoholic beverages ($237 per week) and transport ($207 per week).
- Average weekly spending on goods and services was highest in the Northern Territory and Australian Capital Territory ($1,700 and $1,670) and lowest in Tasmania and South Australia ($1,141 and $1,192).

Introduction

The 2015-16 cycle of the Household Expenditure Survey (HES) collected information about income, wealth, housing and expenditure from residents in private dwellings in Australia (excluding very remote areas). Every six years, the HES and the Survey of Income and Housing (SIH) are run together, and 2015-16 is the latest cycle of the joint surveys. The SIH component is a two yearly survey that has been conducted on a regular basis since 1994-95.

The HES provides estimates of household expenditure patterns and composition across the population. Various other characteristics of households and residents (e.g. income levels and sources, employment, family makeup, age and geographic location) give these key indicators a rich context to help understand the living standards and economic wellbeing of Australians.

To demonstrate one of the many ways in which the information collected in the HES can be used, this publication includes a case study on spending by level of service accessibility (Metropolitan Accessibility/Remoteness Index of

Australia).

This publication includes Excel data cubes available from the Data downloads section, with key indicators for various subpopulations and by a range of household and person characteristics, and by state and territory.

About the Household Expenditure Survey

The HES was previously conducted in 1974-75, 1975-76, 1984, 1988-89, 1993-94 and 1998-99. Commencing in 2003-04 the HES has been integrated with the Survey of Income and Housing (SIH) every six years.

The 2015-16 HES collected information from a sample of approximately 10,046 households over the period July 2015 to June 2016.

Average household spending

Overview

On average, Australian households spent $1,425 per week on goods and services in the 12 months to June 2016. As in previous years, in 2015-16 three broad expenditure categories accounted for half of weekly household spending on goods and services. These were current housing costs including spending on rent, interest payments on mortgages, rates, home and content insurance and repairs and maintenance (20%); food and non-alcoholic beverages (17%); and transport costs such as vehicle purchases and their ongoing running costs, public transport, taxi and ride sharing fares (15%).

Graph 1 - Average weekly household spending on goods and services, 2015-16
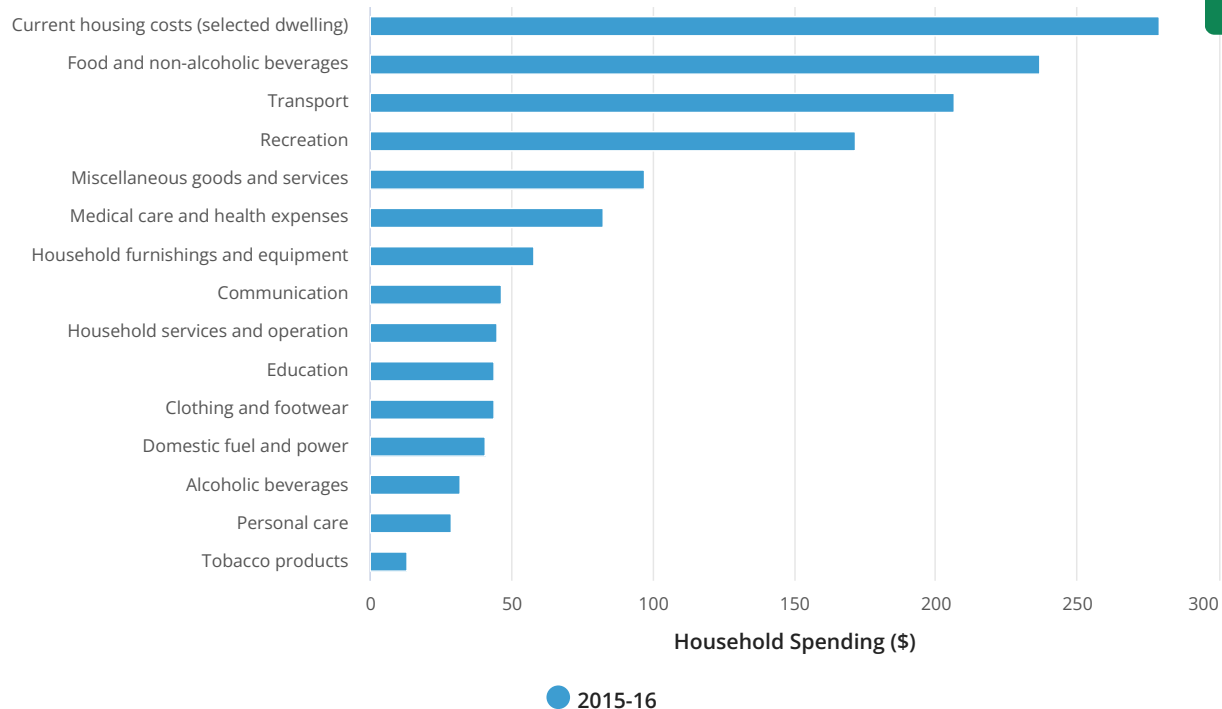
Changes in household spending over time

Household spending data does not easily capture people's response to prices increasing or decreasing. It is not possible, for example, to distinguish between changes in household spending due to a decrease in purchasing power (a higher value dollar) or where households choose to buy alternative, cheaper products — thereby not increasing their spending. It is also not possible to capture phenomenon such as 'shrinkflation', where the package size and physical weight of a product is reduced by the manufacturer, but the price remains constant. In the case of 'shrinkflation', the price rise and increase in inflation is effectively masked.

Comparing average household spending in 2015-16 with previous surveys run in 1984 and 2009-10 gives a long and short term indication of how household spending in Australia has changed over time. Without adjusting for inflation, average weekly household spending on goods and services increased by 15% from 2009-10 and almost tripled from 1984.

Part of the increase in household spending over the 31 years from 1984 can be attributed to inflation, as the price of goods and services as measured by the consumer price index (CPI) almost doubled during this period. Likewise, there was alignment between the increase in household spending over the 6 years to June 2016 and inflation, as the CPI rose by 14%. However, it should be noted that while the CPI measures the change over time in the price of goods and services, it does not cover all spending categories equally and the impact of inflation varies across the different spending classes.

Changes to the demographic profile of the Australian population will also impact how much households spend per week, and what they spend their money on. Since 1984, the average age of the household reference person has increased from 47 years, to 50 years in 2009-10, and to 51 years in 2015-16. The proportion of owner households without a mortgage decreased from 39% in 1984, to 33% in 2009-10, and to 30% in 2015-16. The proportion of couple families with dependent children decreased from 36% in 1984 to 28% in 2015-16, while the proportion of lo person households increased from 19% in 1984 to 25% in 2009-10 and 2015-16.

Composition of household spending

As a proportion of their weekly spending, household in 2015-16 spent significantly more on 4 of the 15 broad spending categories when compared to households in 2009-10. These were current housing costs, education, household services and operation (such as child care services, cleaning products and pest control), and domestic fuel and power costs such as gas and electricity.

Correspondingly, while the share of weekly spending increased in some spending categories, the share of weekly spending in other categories decreased. Compared to households in 2009-10, households in 2015-16 spent less on transport, household furnishings and equipment (such as furniture and appliances), alcoholic beverages and communication (including equipment and usage charges). Over this same period the proportion of weekly expenditure spent on food and non-alcoholic beverages, tobacco products, medical care and health expenses, recreation (such as hobbies, holidays and pets), personal care and miscellaneous goods and services remained relatively stable.

Taking a longer term view of household spending, in the 31 years from 1984 to 2015-16, households have tended to spend proportionally more per week on current housing costs, education, medical care and health expenses, communication, household services and operation, miscellaneous goods and services, personal care and recreation. Correspondingly, when compared to households in 1984, households in 2015-16 tended to spend less on household furnishings and equipment, clothing and footwear, food and non-alcoholic beverages, alcoholic beverages, transport and tobacco products.

Graph 2 - Proportion of weekly household spending on goods and services, 1984, 2009-10 and 2015-16

Proportion of household spending (%)

● 1984   ● 2009-10   ● 2015-16
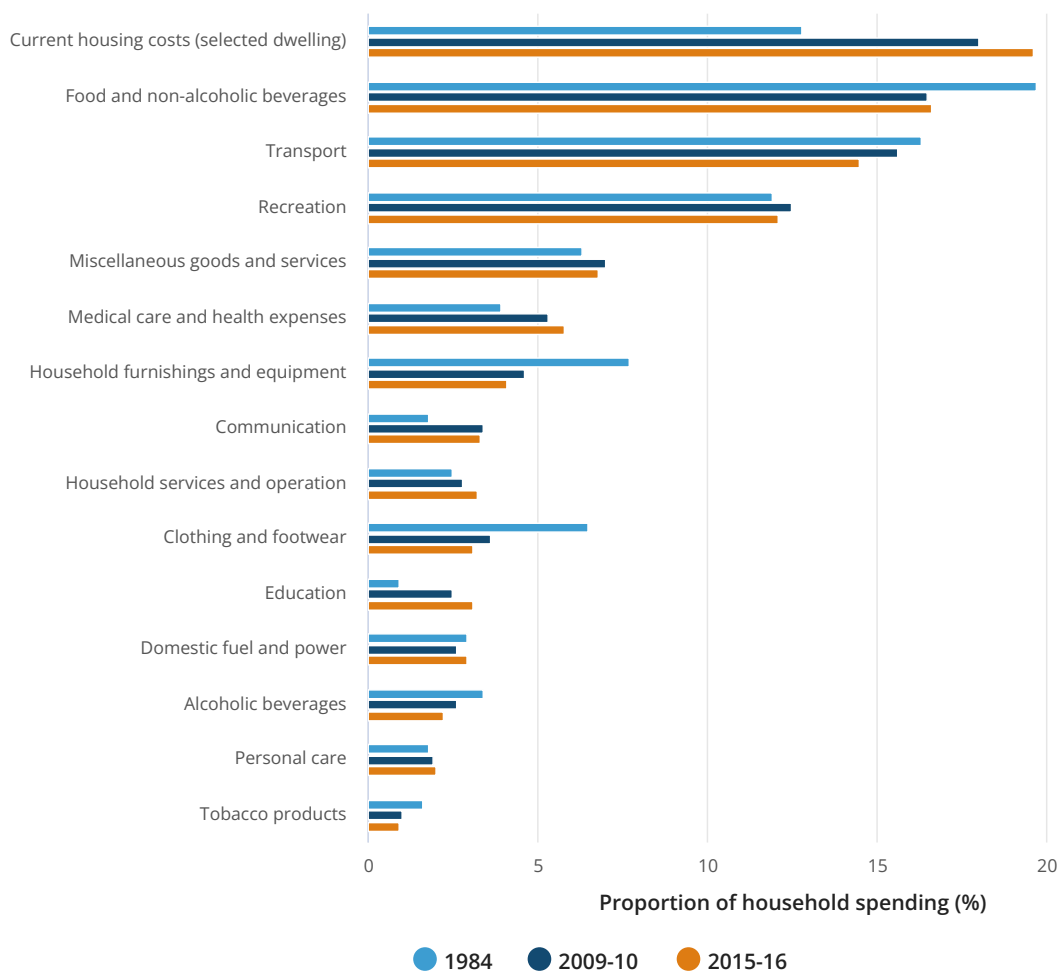
Household spending on education showed the largest percentage increase between 2009-10 and 2015-16, increasing 44% from $31 per week to $44. Weekly spending on government, catholic and independent primary and secondary tuition fees all significantly increased over the period. As did household spending on tertiary education fees, which increased by 30% from $11 to $14 per week.

Household spending on education also saw the largest percentage increase in the 31 years 1984 to 2015-16, increasing by 13 times from $3 to $44 per week. Weekly spending on fees for primary and secondary school increased by 11 times, from less than $3 per week to $29. In 1984, prior to the re-introduction of fees for university study, households typically spent less than $1 per week on tertiary and other education fees. This increased by 22 times to $15 per week in 2015-16.

Basic and discretionary spending

Household spending on goods and services can also be conceptualised as either 'basic' or 'discretionary' spending. Basic spending covers the key groups of items considered essential to living (housing, food, fuel and power, medical and health care, and transport), while 'discretionary' spending includes all other items.

In terms of dollars spent, without adjusting for inflation, average household expenditure on basics increased by $645

over the last 31 years, from $201 per week in 1984, to $718 in 2009-10, and to $846 in 2015-16. Over the same period, discretionary spending also increased, although at a slightly lower rate, from $161 per week in 1984, to $518 in 2009-10, and to $579 in 2015-16 (an increase of $418 since 1984).

Since 1984, the share of household spending going towards basic goods and services has tended to increase, while households have tended to spend less on discretionary goods and services. In 1984, basic goods and services expenditure accounted for 56% of household spending on goods and services, in 2009-10 it accounted for 58%, and in 2015-16 basic expenditure accounted for 59% of household spending.

Graph 3 - Proportion of weekly household spending on basic and discretionary goods and services, 1984 to 2015-16
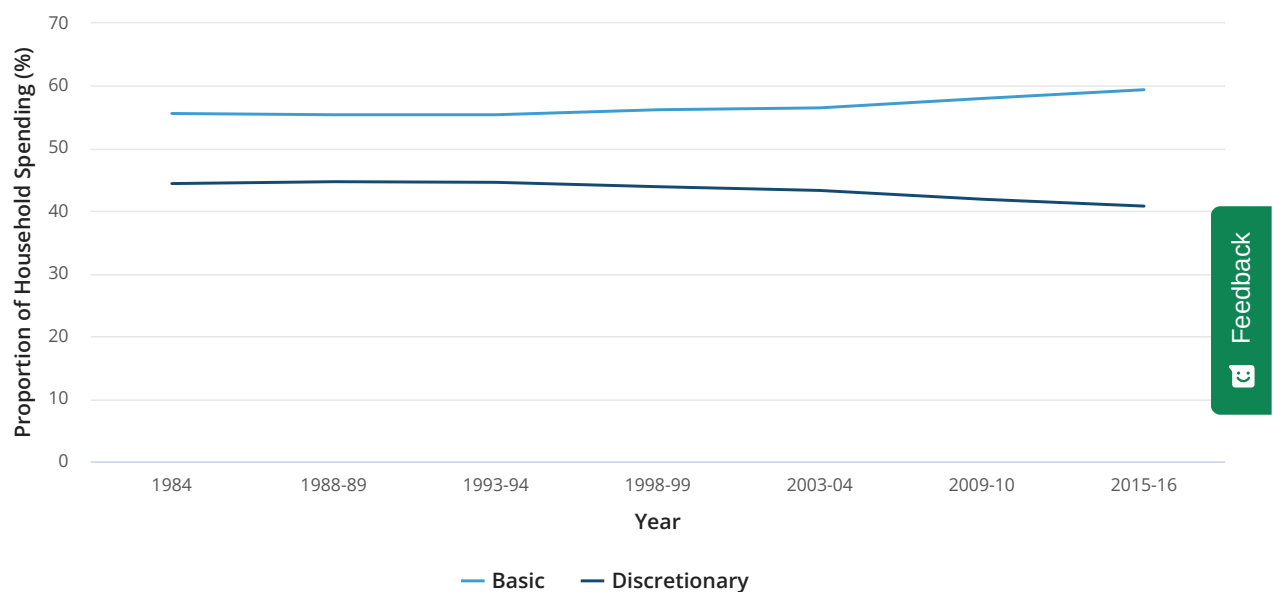
Additional analysis on the changes in household spending over time is available in "Household Characteristics and Spending" and the "Income, Wealth and Expenditure over time" article, available in this release.

Income and spending

Income, wealth and consumption are key factors that underpin Australians' material standard of living. Considering these factors together gives a more complete picture of economic wellbeing.

Defining low, middle and high income households

Income includes both money and in kind receipts to a household. In this publication:

- Gross household income means income from all sources before income tax, the Medicare levy and the Medicare levy surcharge are deducted.
- Disposable income means household income after income tax, the Medicare levy and the Medicare levy

surcharge are deducted.

- Equivalised disposable household income (EDHI) estimates are adjusted by equivalence factors to standardise them for variations in household size and composition, while taking into account the economies of scale that arise from the sharing of dwellings.

Income is not the only resource available to households to support consumption. Households can also draw down on their wealth by using their savings, or increase their debt, such as by using credit cards. In particular, the 1st and 2nd percentiles of the income distribution generally have high wealth and expenditure levels that are not common in the rest of the low income group.

In this section, the spending patterns of households with different income are compared. For this comparison:

- High income households refers to the 20% of households in the highest equivalised disposable household income quintile.
- Middle income households refers to the 20% of households in the third equivalised disposable household income quintile.
- Low income households refers to the 20% of households in the lowest gross income or 18% of households in the lowest equivalised disposable household income quintile, excluding the 1st and 2nd percentiles.

This adjusted low income measure captures genuinely low income households by excluding those with nil or negative income, or income significantly below government pension rates. Such households may be experiencing a temporary economic setback, or have high levels of wealth to support their consumption expenditure compared to other households in the lowest income quintile. This measure is used in the analysis by equivalised disposable household income quintile below.

Gross household income quintiles

In 2015-16, low income households spent on average $632 per week on goods and services, compared with $1,302 for middle income households and $2,589 in high income households. This difference in expenditure is partly due to household size: low income households contained, on average 1.5 persons, compared to an average of 2.7 persons in middle income households and 3.4 in high income households. Lone person households made up two thirds of the low income households.

Equivalised disposable household income quintiles

The proportion of spending on various goods and services differs between low, middle and high income groups. For example, food and non-alcoholic beverages accounted for 19% and 18% of household spending on goods and services of low and middle income households, compared to 14% for high income households. In general, the proportion of household income spent on housing, domestic fuel and power, tobacco and communication was also lower for the middle and higher income groups. However, the proportion spent on transport and recreation was higher for the middle and high income groups.

Graph 1 - Proportion of weekly household spending on goods and services, by adjusted low(a), middle and high EDHI quintiles, 2015-16

Proportion of Household Spending (%)

● **Adjusted Lowest Income(a)**   ● **Middle Income**   ● **High Income**
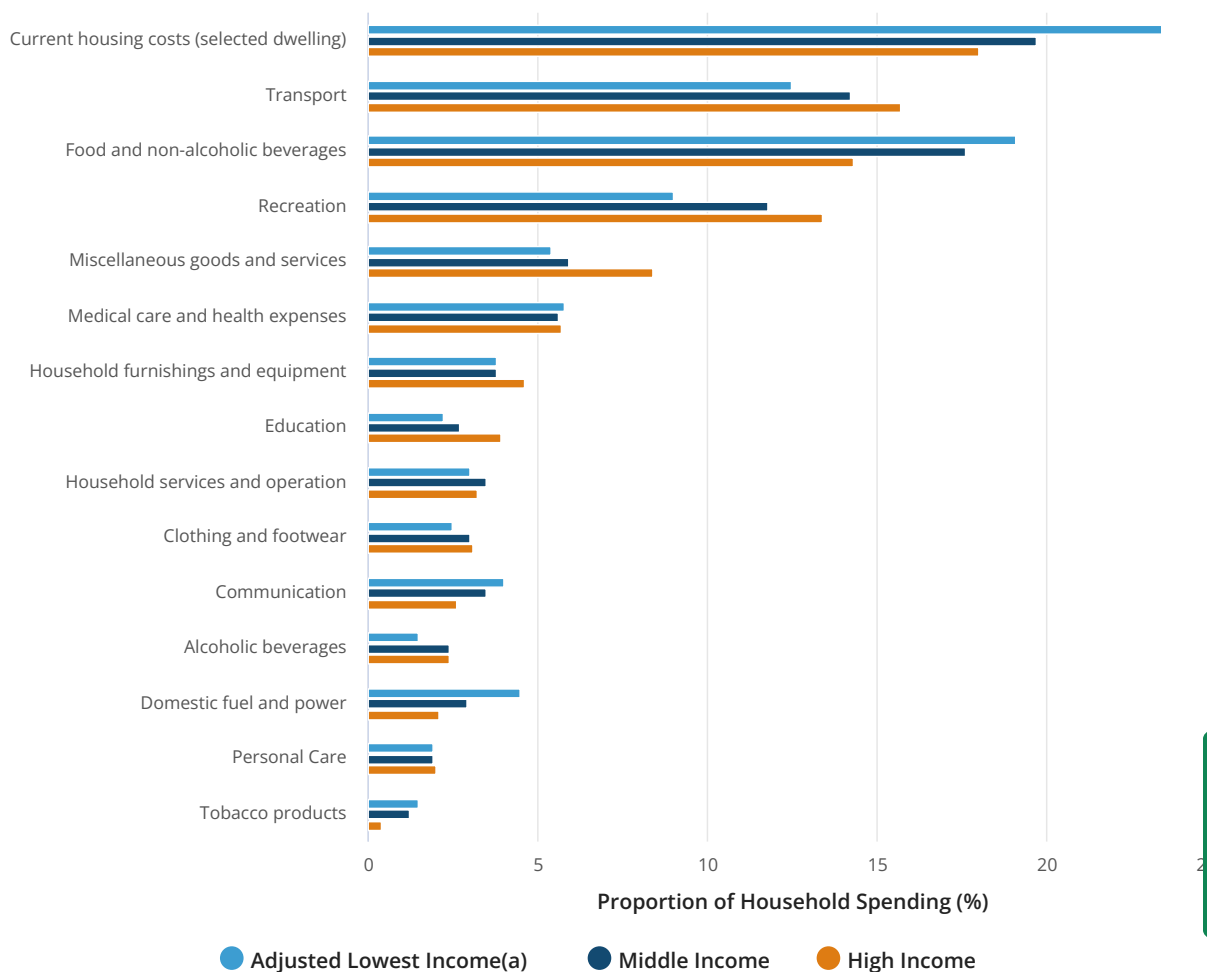
a. Excludes the first and second percentiles

Wealth and spending

For most Australian households, income is the main resource used to support their spending and meet their living costs. However, households can also draw on their reserves of wealth to maintain their living standard in periods of reduced income or when faced with unexpected expenses. Although the level of household income and wealth are often related, some households may have low income but high net worth, while other households have high income but low net worth. Wealth data, combined with income and spending data, gives a better picture of the overall level of economic wellbeing or vulnerability of households.

Defining low, middle and high wealth households

Household wealth (also known as net worth) is the value of assets, such as property and investments, minus liabilities, like loans and credit card debts.

In this section, to compare different wealth levels:

- High wealth households means the 20% of households in the highest net worth quintile.
- Middle wealth households means the 20% of households in the third net worth quintile.

- Low wealth households means the 20% of households in the lowest net worth quintile.

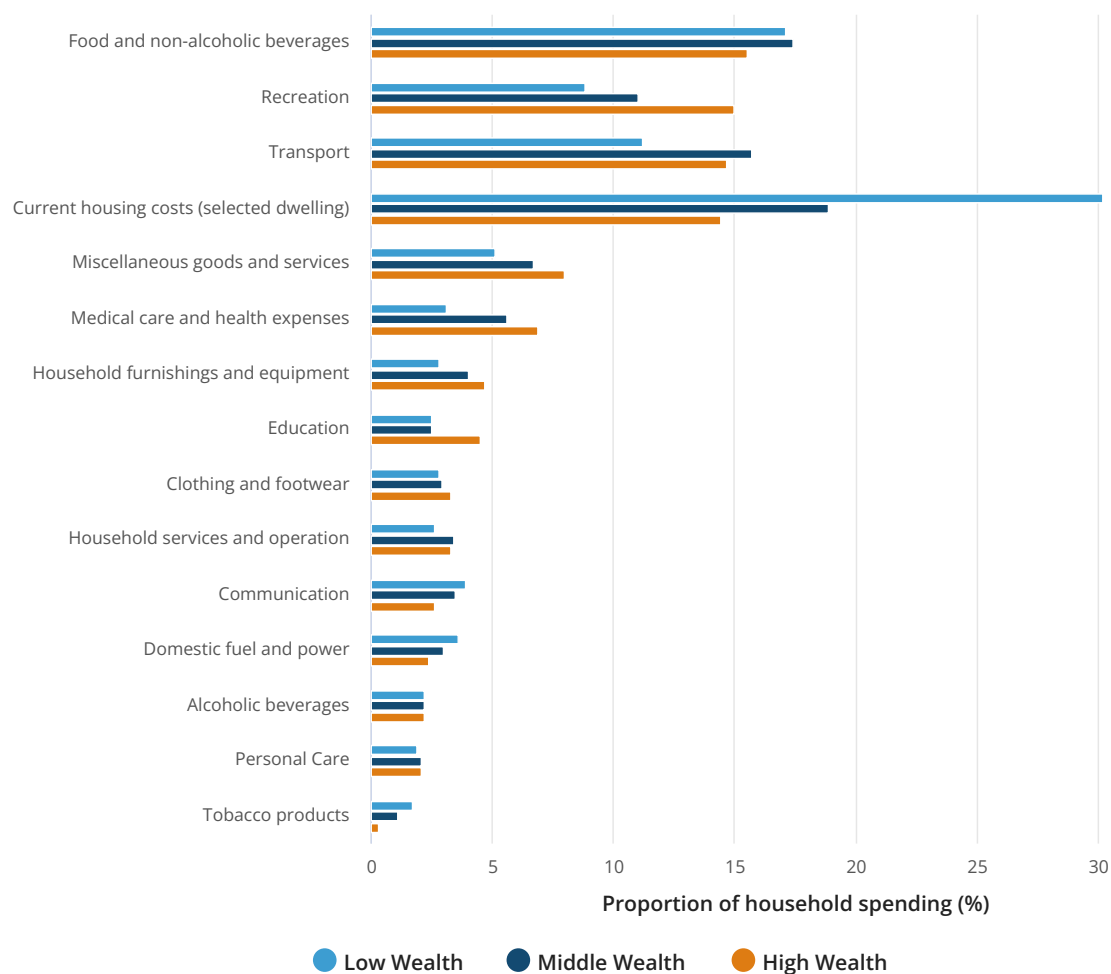## Differences in household spending for low, middle and high wealth households

For most Australians, both income and wealth tends to increase over the life course, and then decrease after retirement, as households have less income after they stop working, and start to draw on stores of wealth, such as superannuation. The average age of the household reference person in low wealth households was 42 years compared to 54 years middle wealth households and 58 years high wealth households.

Spending patterns are different for low, middle and high wealth households, particularly spending on housing and health.

Current housing costs comprised almost one third (30%) of total spending on goods and services for low wealth households, compared to 19% for middle wealth households, and 14% for high wealth households. For many households, the dwelling they live in is their biggest asset. Low wealth households are likely to be renting, while middle wealth households are likely to have a mortgage that offsets the value of their home. For these reasons, low and middle wealth households have higher housing costs, including rent or interest on mortgage repayments. Households with high net worth are more likely to own their own home with little or no mortgage outstanding on their own home, and therefore have much lower housing costs. Only 5% of low wealth households own their own home (either outright or with a mortgage), compared to 90% and 96% of middle and high wealth households.

In line with the average age of household reference person discussed above, household spending on medical care and health expenses was higher for high wealth households, accounting for 3% of spending on goods and services in low wealth households, 6% in middle wealth households and 7% for high wealth households. In general, the proportion of household spending on recreation, household furnishings and equipment, clothing and footwear, and miscellaneous goods and services also rose as net worth rose, while the proportion spent on tobacco, communications, and domestic fuel and power was lower.

Graph 1 - Proportion of weekly household spending on goods and services, by low, middle and high wealth quintiles, 2015-16

Chart: Proportion of household spending (%) by category and wealth group (Low Wealth, Middle Wealth, High Wealth)

Categories (top to bottom):
- Food and non-alcoholic beverages
- Recreation
- Transport
- Current housing costs (selected dwelling)
- Miscellaneous goods and services
- Medical care and health expenses
- Household furnishings and equipment
- Education
- Clothing and footwear
- Household services and operation
- Communication
- Domestic fuel and power
- Alcoholic beverages
- Personal Care
- Tobacco products

X-axis: Proportion of household spending (%)

Legend: Low Wealth, Middle Wealth, High Wealth

Feedback

Household characteristics and spending

The economic wellbeing of a household - their capacity to meet their living costs and withstand financial shocks while maintaining reasonable living standards - is largely dependent on their income, wealth and household spending. Household spending, even more than income or wealth, demonstrates the means that are available to the household at the time of the survey, as households may spend beyond the income or wealth that they currently have at their disposal. In 2015-16, the average household spent $1,425 per week on goods and services.

Some households spent significantly less than that, including:

- households that were renting their dwelling from a state or territory housing authority, with average weekly expenditure of $629.
- households that relied on government pensions and allowances as their main source of household income, with average weekly expenditure of $677.
- lone person households had an average weekly expenditure of $712 and lone persons aged 65 years and over had an average weekly expenditure of $540.
- households in which the reference person was 65 years and over, particularly those 75 years and over, with average weekly expenditure of $888 and $671 respectively.

In contrast, households in which weekly spending on goods and services was significantly more than the average included:

- couple households with dependent children had an average weekly expenditure of $1,992.
- multiple family households, with average weekly expenditure of $2,238.
- households who own their own home and had a mortgage, with average weekly expenditure of $1,827.
- households in which the reference person was aged 35 to 44 years or 45 to 54 years, with average weekly expenditure of $1,716 and $1,757 respectively.
- households where the main source of income was employee income, with average weekly expenditure of $1,717.

Households that were home to couple families with dependent children spend significantly more an average each week than one parent families with dependent children, $1,992 compared with $1,187.

Changes between 2009-10 and 2015-16

Average household spending on goods and services per week increased by 15% between 2009-10 and 2015-16 (without adjusting for inflation), going from $1,236 to $1,425. Over this period, the price of goods and services as measured by the consumer price index (CPI) rose by 14%.

Some households were spending significantly more on goods and services per week in 2015-16 than they were in 2009-10, particularly:

- households in New South Wales (21% increase), Victoria (17% increase), Queensland (10% increase), South Australia (14% increase) and Western Australia (11% increase).
- households that owned their own with or without a mortgage (15% and 14% increase) and other landlord types (51% increase).
- multiple family households (38% increase).
- households in which the reference person was aged 55 to 64 years or 65 years and over (21% and 22% increases respectively).
- households whose main source of income was employee income (16% increase) or private income (15% increase).

There were also many households where spending did not significantly increase over this period, despite inflation and rising living costs. These included:

- households in Tasmania (7% increase), the Northern Territory (13% increase) and the Australian Capital Territory (9% increase).
- households that were renting their dwelling from a state or territory housing authority (12% increase) and other tenure types (22% increase).
- households in which the reference person was aged 15 to 24 years (4% increase).
- lone person households aged under 35 years (2% decrease) and group households (4% increase).
- households whose main source of income was own unincorporated business income (7% increase) or other income (9% increase).

Financial stress and spending

Measures of income and wealth provide information on the main economic resources available to households to support their spending. However these measures do not necessarily tell the full story of how households are coping

financially. When households are not coping financially, the stress caused can impact the wellbeing of household members.

Defining financial stress

A household can be said to be in financial stress if they experience four or more indicators of financial stress within a 12 month period. There are two types of financial stress indicators: financial stress experiences and missing out experiences.

Financial stress experiences

- Unable to raise $2000 in a week for something important
- Spend more money than received
- Could not pay gas, electricity or telephone bill on time
- Could not pay registration or insurance on time
- Pawned or sold something
- Went without meals
- Unable to heat home
- Sought assistance from welfare/community organisations
- Sought financial help from friends or family

Missing out experiences

- Could not afford a holiday for at least one week a year
- Could not afford a night out once a fortnight
- Could not afford friends of family over for a meal once a month
- Could not afford a special meal once a week
- Could only afford second hand clothes most of the time
- Could not afford leisure or hobby activities

Financial stress and household characteristics

In 2015-16, 15% of Australian households (approximately 1.3 million) met this criterion for financial stress. As in previous years, the most commonly reported indicators of financial stress were the inability to afford a holiday for at least one week a year (23%), followed by an inability to afford a night out once a fortnight (17%).

Households in financial stress tended to be lone person households (28%) or couple families with dependent children (26%). They were more likely to be renting (57%) compared with those who did not report experiencing financial stress (21%). The majority of households in financial stress relied on either employee income (45%) or government pensions and allowances as their main source of income (48%). In comparison, 17% of households who did not experience financial stress derived their main source of income from government pensions and allowances. Households in financial stress also tended to be younger than those who did not experience financial stress, and than the national average (51 years). The average age of the household reference person was 49 years for households in financial stress, compared with 53 years for those not in financial stress.

Changes in the age profile of Australian households may help to explain longer term changes to financial stress. From 2003-04, the number of Australian households headed by someone 65 years or over increased by 40%, whilst the number of households headed by someone aged 15 to 24 decreased by 15%. Similarly, from 2009-10 to 2015-16, the number of households headed by someone 65 years or over increased by 23%, whilst the number of households headed by someone aged 15 to 24 decreased by 12%.

Since 2003-04, the proportion of households who did not report experiencing any indicators of financial stress has steadily increased.

Graph 1 - Proportion of households reporting financial stress indicators, 2003-04 to 2015-16
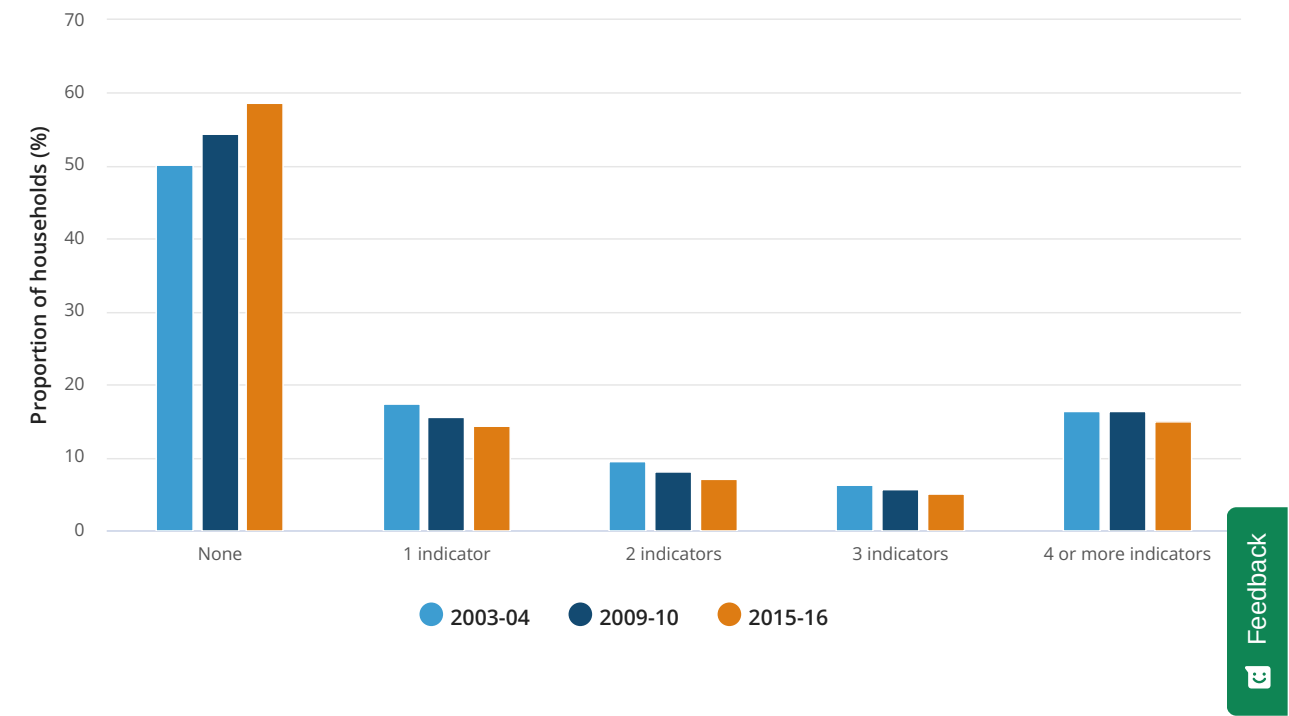
Defining low, middle and high income households

Equivalised disposable household income (EDHI) provides an indicator of household incomes after taking into account personal income tax and household size and composition.

In this section, the spending patterns of households with different income are compared. For this comparison:

- High income households refers to the 20% of households in the highest equivalised disposable household income quintile.
- Middle income households refers to the 20% of households in the third equivalised disposable household income quintile.
- Low income households refers to the 18% of households in the lowest equivalised disposable household income quintile, excluding the 1st and 2nd percentiles.

Financial stress and spending by low, middle and high income households

While financial stress does not necessarily imply that a household has low income, households with less resources, and therefore less spending power, are more likely to report experiencing financial stress. In 2015-16, 61% of households in the lowest income group reported at least one indicator of financial stress in the past 12 months. In comparison, 44% of middle income households and 14% of households in the highest income group reported at

least one indicator of financial stress.

Graph 2 - Proportion of households reporting financial stress indicators, by adjusted low(a), middle and high EDHI quintiles, 2015-16
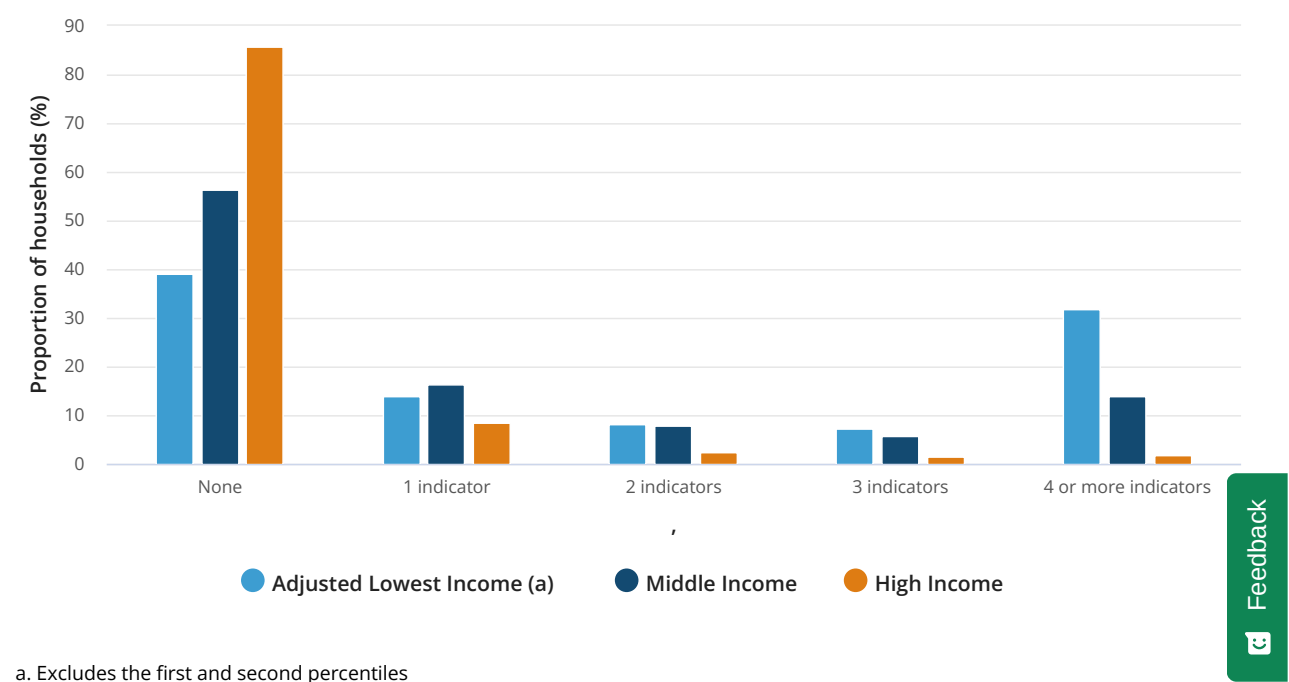
a. Excludes the first and second percentiles

Financial stress and basic/discretionary spending

A key element of people's living standards is the amount of discretion they have in their spending on goods and services to meet their needs. In 2015-16, households reporting no financial stress indicators spent on average $1,561 per week on goods and services, whilst households in financial stress spent $978 per week.

The amount and proportion of weekly spending that households put towards basic versus discretionary expenditure also tends to be related to financial stress. Basic spending includes the key items essential to living (housing, food, fuel and power, medical and health care, and transport), while 'discretionary' spending refers to all other items which may still contribute to the household's standard of living.

In 2015-16, the amount that households spent per week on both basic and discretionary goods and services tended to decrease with increasing financial stress. Households with no indicators of financial stress spent on average $900 per week on basic categories, whilst households in financial stress spent $637. Likewise, households who did not experience an indicator financial stress spent an average of $659 per week on discretionary expenditure, and households in financial stress spent $339.

Not only does the amount spent per week on basic and discretionary goods and services tend to decrease with increasing financial stress, but the proportion spent on basic compared to discretionary expenditure also tends to decrease. Households in financial stress spent on average 65% of their weekly spending on basic goods and services and 35% on discretionary. In comparison, households with no stress indicators tended to spend proportionally less

on basic (58%) and more on discretionary expenditure (42%).

Graph 3 - Average weekly household spending on basic and discretionary goods and services, by number of reported financial stress indicators, 2015-16

Basic ● Discretionary ●
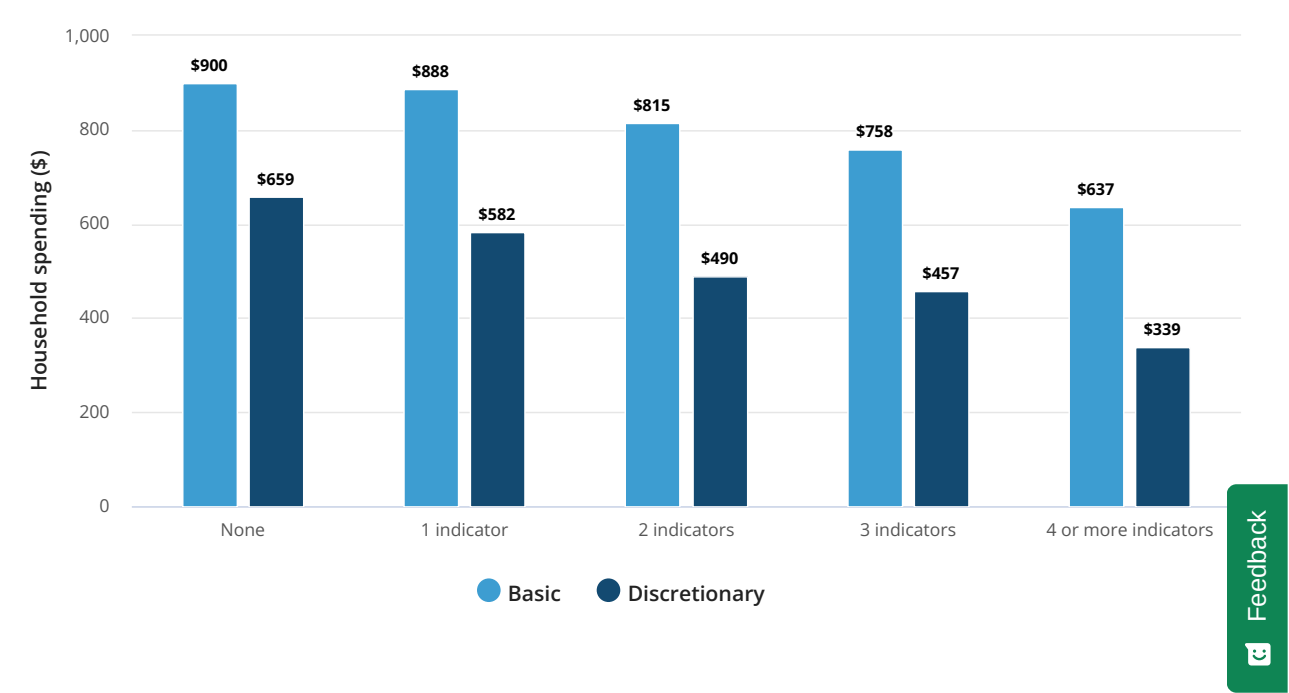
Spending around the country
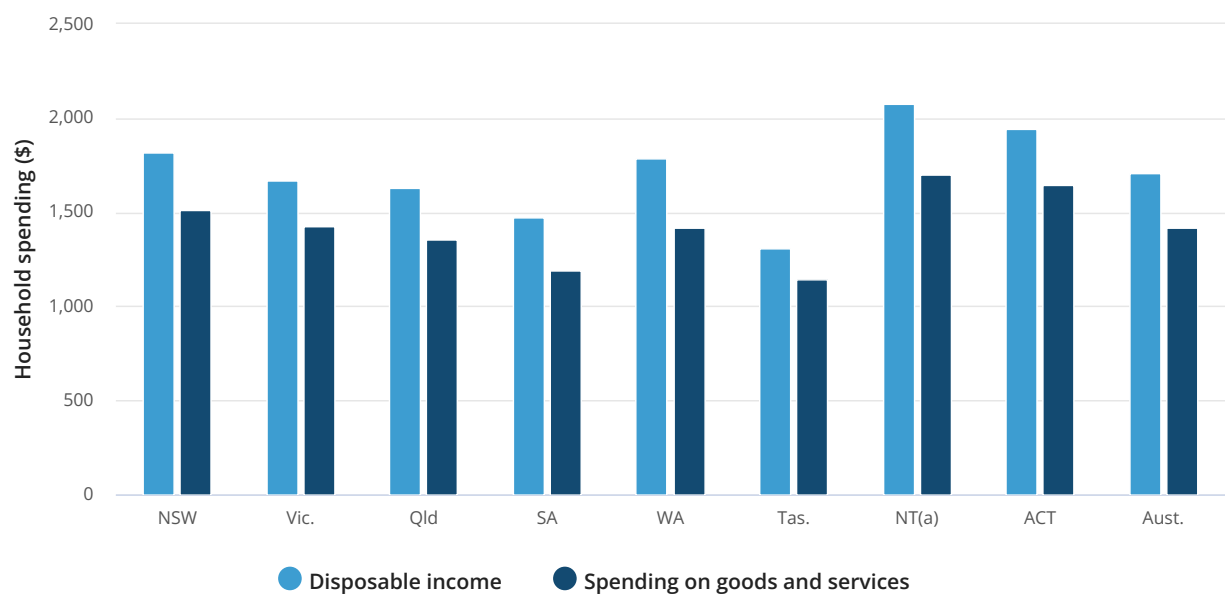
State and territory comparisons

Household spending varies across Australian states and territories. In 2015-16, households in the Northern Territory (excluding those in very remote areas) and the Australian Capital Territory reported the highest average weekly spending on goods and services, at $1,700 and $1,670 respectively. In contrast, households in Tasmania and South Australia reported the lowest weekly household spending, at $1,141 and $1,192 respectively.

Income is the main economic resource households use to support their spending on goods and services such as food, clothing, housing and leisure activities. Disposable income is the remaining income after taxes are deducted, which is available to support consumption and/or saving. Differences in household spending reflect similar income profiles across the states and territories. Considering average weekly spending as a proportion of disposable income, Tasmanian households spent the highest proportion of their disposable income on goods and services per week (88%), while households in Western Australian spent the lowest (79%).

Households may draw on their reserves of wealth to support their current and future spending, therefore some of the differences in household spending may relate to the net wealth of households. Households in Tasmania had the lowest average net worth ($549,800). Households in New South Wales typically had the highest net worth ($1,091,200), followed by Victoria ($868,600) and Western Australia ($841,600).

Graph 1 - Average weekly household disposable income and spending on goods and services,

states and territories, 2015-16

Household spending ($)

- NSW
- Vic.
- Qld
- SA
- WA
- Tas.
- NT(a)
- ACT
- Aust.

● Disposable income   ● Spending on goods and services

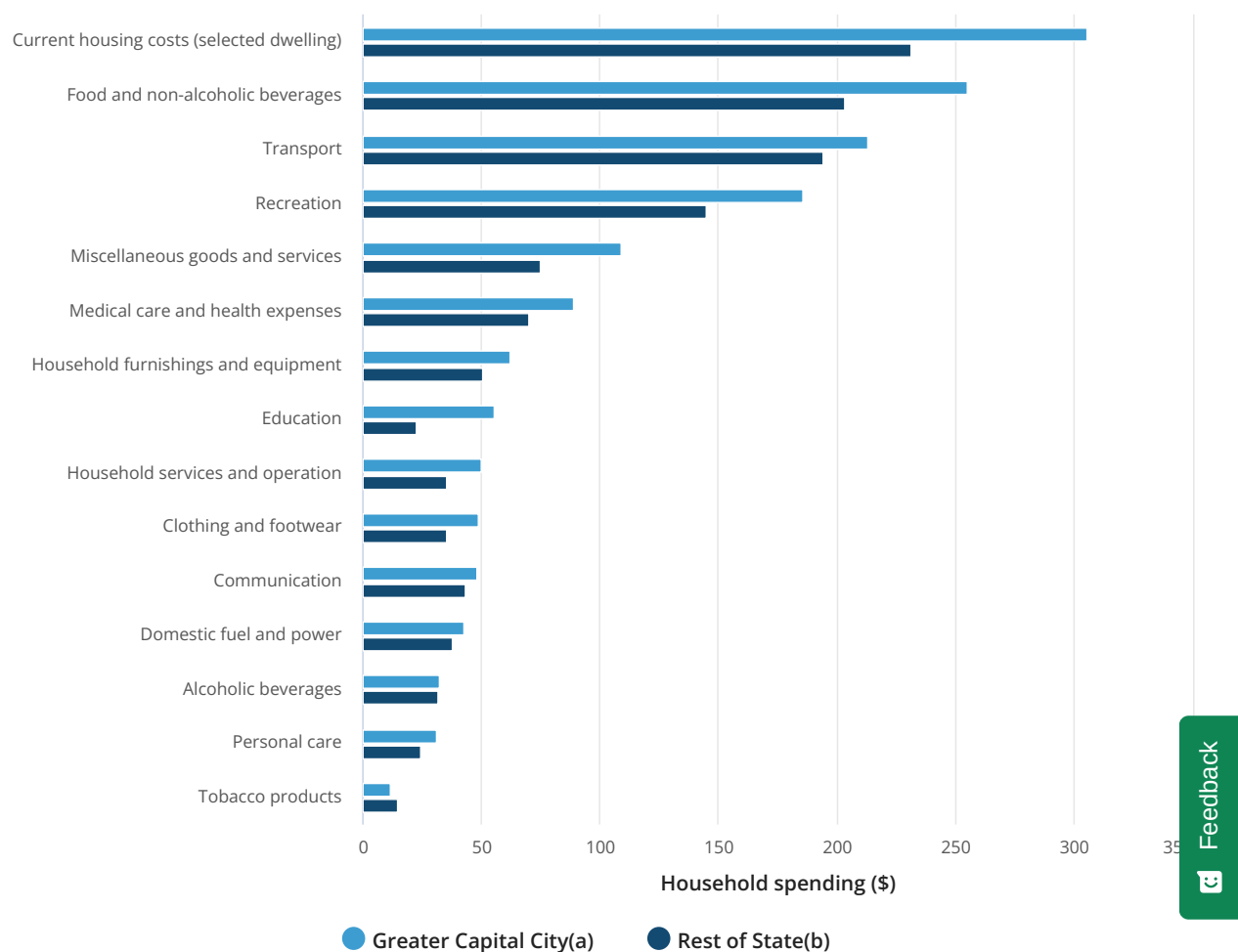a. Households in areas defined as very remote were excluded, accounting for about 22% of the population in the NT

Capital city and balance of state

The average Australian household living in a greater capital city area spent $321 more per week on goods and services than households in non-capital city areas, $1,537 as opposed to $1,216. Households in capital city areas spent more than other households across 13 of the 15 broad spending categories. In dollar terms, the largest differences in spending by capital cities were for current housing costs ($75 more per week), food and non-alcoholic beverages ($52 more per week), recreation ($41 more per week) and education ($33 more per week).

The demographic characteristics of non-capital city areas might help explain some of this difference in average expenditure. Compared with households in greater capital city areas, households in non-capital city areas tended to have slightly older household reference persons (53 years versus 51 years) and have fewer persons aged between 18 and 64 years (1.5 versus 1.7). Households in non-capital city areas were also:

- less likely to be renter households (28% versus 31%)
- less likely to have employee income as their main source of income (55% versus 65%)
- more likely to have government pensions and allowances as their main source of income (30% versus 21%)
- more likely to have no persons in the labour force (31% versus 23%)
- less likely to be couple families with dependent children (25% versus 29%)
- more likely to be either couple only (29% versus 24%) or lone person households (27% versus 23%)

Graph 2 - Average weekly household spending on goods and services, by greater capital city/ rest of state, 2015-16

Household spending ($)

● Greater Capital City(a)   ● Rest of State(b)

a. Capital city estimates for the ACT relate to total ACT

b. Households in SA1s defined as Very Remote were excluded, accounting for about 22% of the population of NT

The difference between capital city areas and rest of state spending was greatest in New South Wales, with households in Sydney and surrounds spending on average $478 more per week than households in other parts of New South Wales. Higher spending in capital city areas was also seen in South Australia ($354 more), Victoria ($326 more), and Tasmania ($262 more).

Considering spending relative to income, Tasmanian households in rest of state areas spent the highest proportion of their average disposable income on goods and services per week (88%), whilst households in South Australian rest of state areas spent the lowest (77%). The difference in the proportion spent between greater capital city and rest of state areas was largest in South Australia, with households in the greater Adelaide area spending 6% more of their disposable income on goods and services than their rest of state counterparts.

With an average net worth of $1.3 million, households in greater Sydney had the highest net worth of any capital city, significantly above the national average $892,000. The greatest differences in the net wealth of households in capital city areas compared to the remainder of their state were seen in New South Wales and Victoria. Households in the greater Sydney area had an average net worth $574,500 higher than households in the rest of New South Wales

($737,300). Similarly, households in greater Melbourne had an average net worth $311,100 higher than those in the remainder of Victoria ($639,200).

The capital city areas where households had the lowest net worth included South Australia ($666,200) and Tasmania ($638,500). Tasmanian households in rest of state areas also had the lowest net worth out of all states and territories ($495,400).

Case study - spending patterns in a service economy

Access to services and spending in metropolitan Australia

Introduction

The livability of our metropolitan areas is related to how easily people can access the services they need. Within our cities, the ease with which residents can access amenities and services such as education, public transport, and health services is often not equal across all neighbourhoods. Whether or not these services can be easily accessed effects residents wellbeing, and their spending on those services. For example, households living further away from services, where housing is more affordable, may carry higher transport costs.

How easily Australians can access basic services within metropolitan areas can be estimated using the Metropolitan Accessibility/Remoteness Index of Australia (Metro ARIA). This is a geographic index derived from the measurement of road distances people travel to reach different services. The Metro ARIA index provides measures of access along five different service themes: education, financial/postal, health, public transport and shopping services. Level of accessibility refers to metropolitan areas only (Greater Capital City Statistical Areas).

Key findings

Household incomes and spending in metropolitan areas tend to be higher than the Australian average. In 2015-16, households in metropolitan zones spent on average $1,538 per week on goods and services and had a disposable income of $1,869. In contrast, households across Australia spent an average of $1,422 per week, from an average disposable income of $1,706.

Characteristics of households in metropolitan areas

Couple families with dependent children were more likely to live in low service accessibility areas (40%), while households in very high accessibility areas were more likely to be lone person households (31%).

In metropolitan areas, almost half (48%) of all households with very high access to services were renters. The proportion of renters tended to decrease with decreasing access to services, with only 20% of households renting in the lowest accessibility areas. Conversely, home owners with a mortgage account for more than half (54%) of limited/low accessibility households, but approximately one quarter (27%) of those in the very high accessible areas.

The types of dwellings people occupy also varied with access to services, with the proportion of households living in separate houses decreasing with increasing access to services. Households with limited/low access to services were more likely to live in separate houses than those in high or very high accessibility areas (95% compared with 79% and 43%). Of the households with very high access to services, 29% lived in a semi-detached or townhouse, and 28% in a unit in a 3 or more story block.

Graph 1 - Proportion of households with tenure type, by Metro ARIA, 2015-16

Feedback
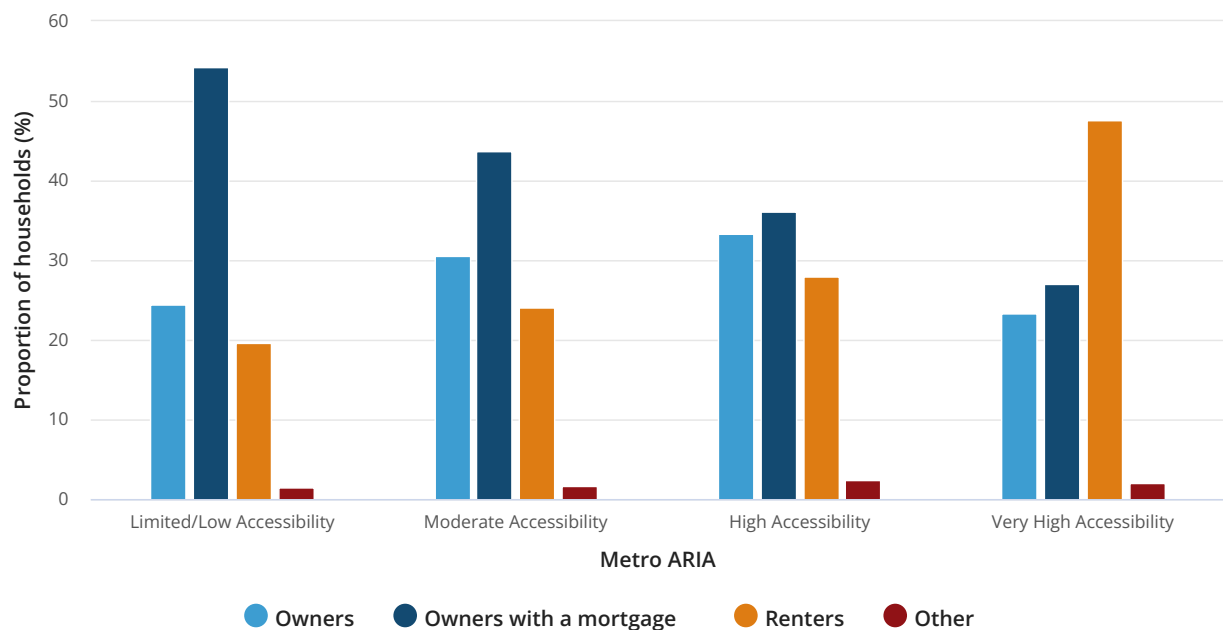
Composition of spending

The top three categories of household spending across all levels of accessibility were current housing costs (such as rent, interest payments on mortgages, rates, home and content insurance, repairs and maintenance), food and non-alcoholic beverages, and transport costs (such as vehicle purchases and their ongoing running costs, public transport, taxi and ride sharing fares).

Graph 2 - Proportion of household spending on housing, food and transport, by Metro ARIA, 2015-16

Proportion of Household Spending (%) — Metro ARIA

Legend: Current housing costs (selected dwelling) · Food and non-alcoholic beverages · Transport
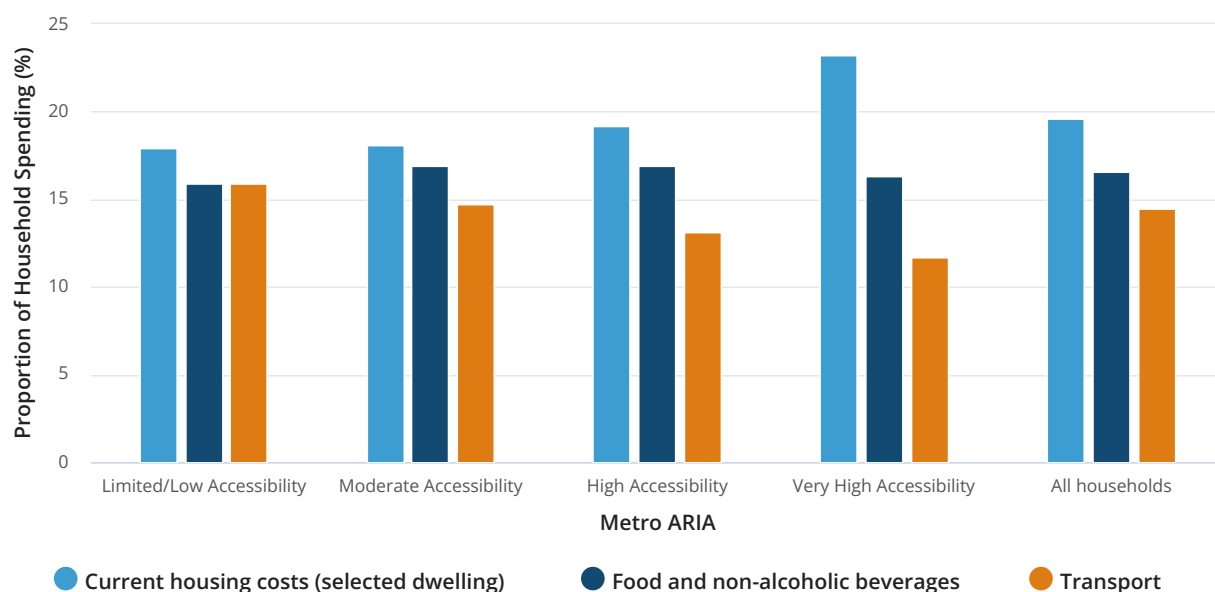
Current housing costs

Housing costs were consistently the largest household cost for all Metro ARIA classes. Households living in limited/ low, moderate and high accessibility areas spent 18% to 19% of their weekly spending on housing. The majority of households in these areas were buying their home. In comparison, living in very high accessibility areas is more costly, accounting for 23% of household spending. The majority of these households were renting (48%).

Food and non-alcoholic beverages

Households in very high and limited/low accessibility areas tended to spend a similar amount per week on food and non-alcoholic beverages, $262 and $268 respectively. However there were differences in the types of food and beverages these households spent their money on. Households in very high accessibility areas spent less per week on bakery products, meat (excluding fish and seafood), dairy products, condiments, confectionery and non-alcoholic beverages, and more on meals out and fast food ($113) than households in limited/low accessibility areas ($86).

Transport

Higher housing costs are offset by lower expenditure in other areas. Households closest to services dedicated less of their weekly household spending on transport. Those households in very high and high accessibility areas spent 12% to 13% of their total spending on goods and services on transport costs, equating to between $189 and $190 per week. In contrast, households in moderate or limited/low accessibility areas spent the most on overall transport costs, at 15% to 16% of their total spending on goods and services ($223 to $268 per week).

As well as differences in the amount households spent per week on transport costs, there were also differences in the types of transport costs they spent their money on. Households with very high accessibility to services spent

twice as much on public transport services than those in other accessibility areas ($12 per week compared to $6 to $7 per week). Those with very high accessibility to services also tended to spend less than all other areas on motor vehicle running costs such as fuels and oils ($33 per week) and registration and insurance ($30 per week). Households in limited/low accessibility areas were the highest spenders on motor vehicle fuel, at an average of $69 per week.

Graph 3 - Average weekly household spending on selected transport categories, by Metro ARIA, 2015-16
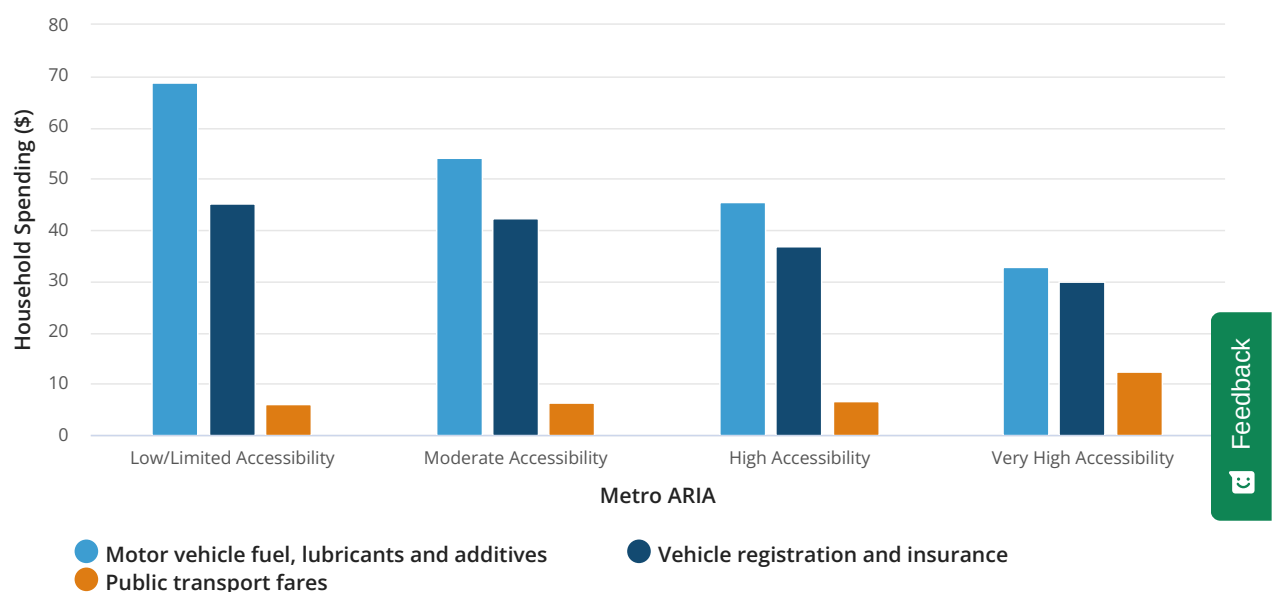
Case study - spending under the microscope

Analysis of detailed expenditure data provides an in depth understanding of the spending patterns of Australian households and how these are changing over time. The Household Expenditure Classification (HEC) is the system used in the Household Expenditure Survey (HES) to define the items and services purchased by Australian households and group together purchases that are related.

From 2015-16, the HEC includes over 600 items at the most detailed level (ten digit codes). At the broadest level (two digit codes) the HEC consists of 20 aggregate expenditure groups. This chapter focuses on detailed spending, using the ten digit level of the HEC. The purpose is to better understand the main factors contributing to changes in household spending in Australia.

Highest average spending categories

The detailed spending categories that Australian households spent the most on per week in 2015-16 were, on average:

- rent payments, at $106;

- the interest component of mortgage repayments for the selected dwelling, at $80;

- the purchase of motor vehicles other than a motor cycle, at $50;

- meals in restaurants, hotels, clubs and related venues, at $44;

- petrol, at $38;

- hospital, medical and dental insurance, at $33;

- fast food and takeaway (excluding coffee and not frozen), at $31;

- electricity for the selected dwelling, at $30;

- local government rates for the selected dwelling, at $20; and,

- mobile telephone accounts and non-holiday vehicle leasing, at $17 each.

Largest increases in average dollars spent between 2009-10 and 2015-16

Due to updates to the HEC, some detailed expenditure categories are not comparable between 2009-10 and 2015-16 (see Technical Notes).

For goods and services that are comparable between 2009-10 to 2015-16, the detailed categories which saw the largest dollar value increase in average household weekly spending were:

- rent payments, which increased by $28;

- meals in restaurants, hotels, clubs and related venues, which increased by $12;

- hospital, medical and dental insurance, which increased by $11;

- formal child care services (nec), which increased by $9;

- food and non-alcoholic beverages (nfd), which increased by $8;

- local government rates for the selected dwelling, which increased by $7;

- water and sewerage rates and charges for the selected dwelling, which increased by $6;

- airfare inclusive overseas package tours, which increased by $6;

- overseas holiday air fares, which increased by $6;

- electricity for the selected dwelling, which increased by $6;

- the purchase of a motor vehicle other than a motor cycle, which increased by $5; and,

- mobile telephones accounts, which increased by $5.

Introducing some new spending categories for 2015-16

Several goods and services were given their own HEC code in 2015-16. These additional codes recognise increased spending on some items or else novel goods and services which only became available for purchase after the 2009-10 survey. Within these new goods and services categories, Australian households spent a weekly average of:

- $4 on takeaway coffee;

- $3 on prepared dog food and $1 on prepared cat food;

- $3 on building and landscaping products;

- $2 on toilet paper;

- $2 on vitamins;

- $1 on computer games;

- $1 on flavoured milk;

- $1 on replacement meal beverages;

- $0.5 on ride sharing services; and

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- $0.5 on energy drinks.

Technical notes

- The four different levels of the HEC included in the data cubes of this publication are the two, four, six and ten digit levels. A copy of the HEC classification will be included in the 2015-16 User Guide.
- The HEC is updated each time the Household Expenditure Survey is collected. While most expenditure categories are comparable over time, some new categories are added with each cycle to recognise goods and services that are attracting increased spending.
- Changes over time are not adjusted for inflation.
- nec - not elsewhere classified.
- nfd - not further defined.

Data downloads

Household expenditure, 1984 to 2015-16
↓ **Download** XLS
[426.5 KB]

Income, expenditure and low economic resource households
26 July 2018

Table 2.2 has been revised to include units of persons; and equivalised total household expenditure is used to generate deciles. Footnotes updated to ensure consistency across all tables.

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[245 KB]

Equivalised disposable household income quintiles
↓ **Download** XLS
[384.5 KB]

Gross household income quintiles
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[373.5 KB]

Main source of household income
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[373.5 KB]

Net worth quintiles
↓ **Download** XLS
[730.5 KB]

Contribution of government pensions and allowances to gross household income
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[388.5 KB]

Tenure and landlord type
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Household composition
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Age of household reference person

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Financial stress indicators
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Classification of Individual Consumption by Purpose (COICOP)
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States and territories
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[822.5 KB]

Household expenditure and characteristics, NSW
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Household expenditure and characteristics, Victoria
26 July 2018

Correction of minor transposing error in table 15.2 in mean net worth of households in the fourth EDHI quintile. Correction of minor transposing error in Table 15.8 in mean net worth of multiple family households.

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Household expenditure and characteristics, Queensland
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Household expenditure and characteristics, South Australia
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Household expenditure and characteristics, Western Australia
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Household expenditure and characteristics, Tasmania
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Household expenditure and characteristics, Northern Territory
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Household expenditure and characteristics, Australian Capital Territory
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Metropolitan accessibility/remoteness index of Australia
26 July 2018

Correction of transposing error in Table 22.2 - 'Average number in household' items.

↓ **Download** XLS
[415.5 KB]

Low economic resource households
26 July 2018

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Minor corrections to private income which include imputed rent (Table 23.3).

19 December 2017

Social Transfers in Kind have been added into Table 23.3. Private income (including imputed rent) now excludes imputed rent for renters from state/territory housing authorities which is included as a Social Transfer in Kind. Average number of dependent children in Table 23.2 now includes dependent students aged 15 to 24 years.

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All data cubes
↓ **Download ZIP**
[2.91 MB]

History of changes

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26/07/2018 - This release includes replacement content:

The following data cubes are revised to include minor corrections to private income which include imputed rent, and to correct some rounding errors:

- Income, Expenditure and Low Economic Resource Households (Datacube 2)
- Household Expenditure and Characteristics, Victoria (Datacube 15)
- Metro Accessibility/Remoteness Index of Australia (Metro Aria) (Datacube 22)
- Low Economic Resource Households (Datacube 23)

19/12/2017 - This release includes new and replacement content:

- New Household, Expenditure and Characteristics data cube for each State and Territory.
- New Income, Expenditure and Low Economic Resource Households data cube.
- New Classification of Individual Consumption by Purpose (COICOP) data cube.
- Social Transfers in Kind have been included and private income (including imputed rent) has been adjusted in the Low Economic Resource Household data cube (Table 23.3). The average number dependent children in Table 23.2 now includes dependent students aged 15-24 years.

29/09/2017 - This release includes additional content:

- New Case Study: "Expenditure Under the Microscope";
- New detailed expenditure estimates and RSE tables in data cubes 3, 4, 5, 6, 8, 9, 10, 11, 13 and 22;
- New selected other payment expenditure estimates and RSE tables in data cubes 3, 4, 5, 6, 8, 9, 10, 11, 13 and 22;
- New household expenditure by contribution of government pensions and allowances to gross household income data cube; and
- New household expenditure by low economic resource data cube.

Some formatting and footnotes of tables released on 13/09/2017 have been updated for clarity and consistency with the new tables and data cubes listed above.

Feedback

Previous catalogue number

This release previously used catalogue number 6530.0.

Methodology

[Household Expenditure Survey, Australia: Summary of Results methodology, 2015-16 financial year](#)